



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: DECEMBER 11, 2019

FROM: WATERFRONT & COMMERCIAL REAL ESTATE DIVISION

SUBJECT: RESOLUTION NO. _____ - REQUEST TO DECLARE CITY OF LOS ANGELES HARBOR DEPARTMENT PROPERTY AT 119-127 W. HARRY BRIDGES BOULEVARD AS SURPLUS PROPERTY AND INITIATE SURPLUS SALE PROCESS

SUMMARY:

The Waterfront & Commercial Real Estate Division recommends the Board of Harbor Commissioners (Board) declare as surplus property a small, vacant land parcel owned by the City of Los Angeles Harbor Department (City/Harbor Department) measuring 4,534.9 square feet (surplus property) and located at 119-127 W. Harry Bridges Boulevard, Wilmington. The Surplus property is wedged between a private property and the California Coastal Trail and is no longer needed for the use of the Harbor Department.

The only adjoining property owner, LA Bunker Surveyors, Inc. (LA Bunker), has expressed interest in acquiring the Surplus property in order to expand its fuel analysis, testing and consultation business for marine fuel industry clients primarily at the Ports of Los Angeles and Long Beach, the US Eastern Seaboard, and the Pacific Rim.

Staff has determined that the direct sale of the surplus property to LA Bunker would benefit the public interest given that the expansion of LA Bunker's operations align with key findings and recommendations made within an October 2017 Technical Assistance Panel Report authored by the Urban Land Institute (ULI). Additionally, LA Bunker's operations and proposed expansion are consistent with the Harbor Department's goals for the Wilmington Waterfront Development (WWD) Project, and will further the Harbor Department's goal to keep and increase quality jobs in the skilled workforce.

Staff recommends initiating the sale of the surplus property. If a sale agreement is negotiated, the proposed sale documents will be submitted to the Board and City Council for consideration at a later date.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;

SUBJECT: PROPOSED DECLARATION OF REAL PROPERTY IN WILMINGTON AS SURPLUS AND INITIATION OF SURPLUS SALE PROCESS

2. Find that pursuant to Section 385 of the City of Los Angeles Charter, the property located on 119-127 W. Harry Bridges Boulevard in Wilmington (northerly 29.75' of Assessor Parcel Numbers 7418-032-905 and 7418-302-912 and measuring 4,534.9 square feet), is no longer needed for use by the City of Los Angeles Harbor Department and declare it as surplus;
3. Find and determine that pursuant to Section 7.27 of Chapter 1, Article 4 of Division 7 of the Los Angeles Administrative Code, the public interest or necessity require the private or direct sale of the surplus property to the only adjoining property owner, LA Bunker Surveyors, Inc., without notice of sale or advertisement for bids;
4. Direct staff to comply with Section 7.21 et seq. of Chapter 1, Article 4 of Division 7 of the Los Angeles Administrative Code and California Government Code requirements and proceed with the sale of the surplus property; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background – City Charter Section 385 permits the sale of real property owned by the City that is no longer needed, subject to the limitations prescribed in the Charter, and sold under the terms and conditions prescribed by ordinance pursuant to Section 7.21, et seq. of Chapter 1, Article 4 of Division 7 of the Los Angeles Administrative Code, including approval by the Board which holds or controls the surplus property. The sale of the property requires several steps to be completed, the first of which is a determination by the Board that the land is surplus property.

Numerous properties in the block north of Harry Bridges Boulevard, between the Harbor Freeway and Broad Avenue, were acquired under the Harbor Department's voluntary acquisition program for the Harry Bridges and Terminal Expansion Project (HBTE Project) that commenced in 1982. The HBTE Project was designed to realign and widen Harry Bridges Boulevard, and provide for the expansion of the TraPac terminal at Berths 136-139. The Harbor Department proceeded with the Harry Bridges Boulevard realignment and widening, but did not proceed with the terminal expansion project.

Instead, in 2009, the Harbor Department-owned parcels north of Harry Bridges Boulevard and east of Lagoon Avenue were developed into the 30-acre Wilmington Waterfront Park (Park). A strip of land on the southern portion of the Park and leading up to N. Avalon Boulevard was subsequently designated for the California Coastal Trail (CCT), which will reconnect the community with its waterfront at Banning's Landing, the historic birthplace of the Port of Los Angeles.

SUBJECT: PROPOSED DECLARATION OF REAL PROPERTY IN WILMINGTON AS SURPLUS AND INITIATION OF SURPLUS SALE PROCESS

Designating land for the CCT resulted in the creation of the remnant-sized surplus property that is of no use to the City. It is wedged between private property (LA Bunker) on the north and the CCT area to the south. The size of this surplus parcel, at 4,354.9 square feet, makes it economically burdened for a new stand-alone development due to parking and setback requirements within this industrial zone. Therefore, the value as a stand-alone parcel is likely less than the value resulting from an assemblage with the existing LA Bunker owned property.

In 2012, the Waterfront and Commercial Real Estate Division (WCRED) received an offer to purchase the surplus property from the only adjoining property owner. LA Bunker has been in Wilmington since 1985, and at its current location since 1993. With the increased requirement for cleaner fuels, LA Bunker is in need of expanding its operation to meet the growing demand.

In 2017, the Harbor Department engaged the services of The Urban Land Institute (ULI) to provide a Technical Assistance Panel Report including independent and expert advice to aid in formulating a strategic development plan for commercial development projects in the WWD Project area. Please refer to Transmittal 1, which indicates the location of the surplus property relative to the WWD Project area.

The report, finalized in October 2017, made the following key findings and recommendations:

- Focus on the land around Avalon Boulevard, north of Harry Bridges, to create an attractive walkable, active urban environment.
- Foster the development of mixed use, office and commercial spaces conducive to Port Tech jobs, including job training centers and incubators related to port operations.
- Prepare a master plan for a flexible disposition strategy and incremental development.

Edward Chen, LA Bunker's Operations Executive, has expressed his company's unwavering interest in the acquisition of the remnant parcel. Selling the surplus property to LA Bunker benefits the Harbor Department in that:

- The planned expansion and investment in the area are consistent with and contribute to meeting the Harbor Department's goals for the WWD Project area;
- It furthers the Harbor Department's goal to keep and increase quality jobs in the Wilmington area (LA Bunker expects that in addition to keeping their existing skilled workforce including 15 full-time employees in the area, they will be able to increase that number by at least five after their expansion and provide additional tax revenue for the City of Los Angeles);
- LA Bunker's success as a technology-based marine support business provides an opportunity for other similar businesses to locate in the WWD area. Their expansion will aid in marketing efforts for the remaining Harbor Department-owned WWD property;

SUBJECT: PROPOSED DECLARATION OF REAL PROPERTY IN WILMINGTON AS SURPLUS AND INITIATION OF SURPLUS SALE PROCESS

- Conversely, not selling the property to LA Bunker could result in plans to expand their business outside the WWD area, in another location or move out of the area completely, which would not complement marketing efforts for this development; and
- The sale relieves the Harbor Department of its maintenance obligations and liability exposure for the area slated for the CCT, which is currently vacant.

Subsequent to declaring the parcel as surplus, the following steps will be undertaken to complete the sale:

- Order a preliminary title report and property appraisal;
- Review the property condition and title history for any required disclosures, and the appraisal;
- Offer the surplus property to governmental agencies, pursuant to Government Section 54220, et seq.;
- If there is no interest from governmental agencies, initiate the direct sale of the surplus property to LA Bunker, the only adjoining property owner, without notice of sale or advertisement for bids; and
- Pending successful negotiations with LA Bunker, prepare sale agreement (escrow instructions) for Board and City Council consideration.

The Harbor Department is financially responsible for expenditures associated with the initial declaration of the property as surplus, including a preliminary title report and property appraisal, estimated to be approximately \$5,500.

ENVIRONMENTAL ASSESSMENT:

The proposed actions are to find and declare the proposed land surplus, find and determine the public interest or necessity require the private and direct sale to the adjoining property owner, and direct staff to proceed with the disposal of the surplus property, which are administrative activities. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The proposed action requests that the property be declared surplus and determine that the public interest would benefit from a direct sale to LA Bunker. Approval of the proposed action would result in the Harbor Department incurring expenses of \$5,500 to request a preliminary title report and property appraisal. Funding is available within the Fiscal Year 2019-2020 Budget in Account 54250, Center 0429. Subsequent to the Board's approval of the proposed action, staff will proceed with the disposal process and if a sale agreement is reached with LA Bunker, approval will be obtained from the Board and City Council at a later date.

DATE: DECEMBER 11, 2019

PAGE 5 OF 5

SUBJECT: PROPOSED DECLARATION OF REAL PROPERTY IN WILMINGTON AS SURPLUS AND INITIATION OF SURPLUS SALE PROCESS

CITY ATTORNEY:

The Office of the City Attorney has reviewed the Board Report, and there are no legal issues at this time.

TRANSMITTAL:

1. Surplus Property Area



MICHAEL J. GALVIN
Director of Waterfront & Commercial Real Estate

FIS Approval: 
CA Approval: 

FOR MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

ES:MD:MG:HP:RV:raw
Author: Rica Viola
BL813raw LA Bunker Surplus Property